

**Grove Products (Caravan Accessories) Limited**

**Directors' report and financial statements**

**For the year ended 30 September 2005**

**Registered number 1148888**



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## **Company information**

### **Directors**

J M Hall  
A F Welham

### **Company secretary**

A F Welham

### **Registered office**

Gelderd Road  
Leeds  
LS12 6NB

### **Auditors**

KPMG LLP  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

## Directors' report

The directors present their report and the audited accounts for the year ended 30 September 2005.

### Principal activity and business review

The Company's principal activity is that of a caravan accessories wholesaler.

On 18 April 2005 the whole of the issued share capital of the Company was acquired by Volvox Leeds Limited.

The slight drop in sales reflected the general slow-down in activity in the caravan sector in common with other retail businesses.

### Results and dividends

The results for the year are set out in the profit and loss account on page 5.

The directors recommend the payment of a final dividend of £5,000 per £1 ordinary share for the year (2004: £nil).

### Directors and directors' interests

The directors who served during the year were:

J M Hall	
A F Welham	
W A Price	( resigned 18 April 2005 )
C A Davies	( resigned 18 April 2005 )
S G Marble	( resigned 18 April 2005 )
R Varakian	(appointed 5 January 2005, resigned 18 April 2005 )
B W H Davidson	(appointed 5 January 2005, resigned 18 April 2005 )
G Rodney	(appointed 5 January 2005, resigned 18 April 2005 )

At the beginning and end of the year none of the directors or their families had any interest in, or option or other right to subscribe for the share capital of the Company. At 30 September 2005 the directors had beneficial interests in the share capital of the Company's ultimate parent company, Volvox Group Limited. Those interests are disclosed in the financial statements of that company.

### Statement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the Company and of the profit or loss for that financial year. In preparing these accounts, the directors are required to:

- a. select suitable accounting policies and apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- d. prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

### Related party disclosures

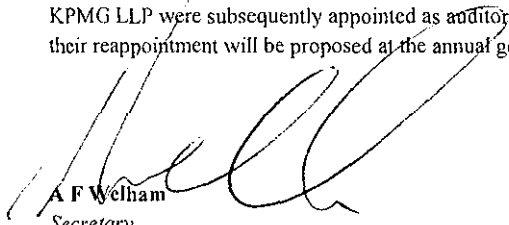
The Company has taken advantage of the dispensation within FRS8 not to disclose transactions with other group companies (other than turnover) and investees of the group qualifying as related parties on the grounds that 100% of the voting rights are controlled by Volvox Group Limited which includes the Company in its own published consolidated financial statements.

## Report of the directors *(continued)*

### Auditors

Following the acquisition of the Company by Volvox Leeds Limited, Grant Thornton UK LLP resigned as auditors of the Company.

KPMG LLP were subsequently appointed as auditors, and have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the annual general meeting.



A F Welham  
Secretary

1 March 2006

## KPMG LLP

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### Report of the Independent Auditors to the members of Grove Products (Caravan Accessories) Limited

We have audited the financial statements on pages 5 to 12.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or the opinions we have formed.

#### Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the other information contained in the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.


#### Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company as at 30 September 2005 and of the Company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP  
Chartered Accountants  
Registered Auditor

1 March 2006

**Profit and loss account**  
*for the year ended 30 September 2005*

	Note	2005 £'000	2004 £'000
Turnover - continuing operations	2	6,347	6,614
Cost of sales		(4,382)	(4,492)
<b>Gross profit</b>		<u>1,965</u>	<u>2,122</u>
Operating costs	3	(1,485)	(1,437)
<b>Operating profit - continuing operations</b>	3	<u>480</u>	<u>685</u>
Interest receivable	6	14	6
Interest payable	7	-	(1)
<b>Profit on ordinary activities before taxation</b>		<u>494</u>	<u>690</u>
Tax on profit on ordinary activities	8	(151)	(210)
<b>Profit for the financial year</b>		<u>343</u>	<u>480</u>
Dividends paid	9	(500)	-
<b>Retained (loss) / profit for the financial year</b>	16	<u>(157)</u>	<u>480</u>

The notes to the financial statements on pages 7 to 12 form an integral part of these accounts.

**Recognised gains and losses**


There are no recognised gains or losses in the current or preceding financial year other than those reported above.

**Balance sheet**  
*at 30 September 2005*

	Note	30 September 2005 £'000	30 September 2004 £'000
<b>Fixed assets</b>			
Tangible assets	10	<u>32</u>	<u>50</u>
<b>Current assets</b>			
Stocks	11	415	424
Debtors	12	739	917
Cash at bank and in hand		<u>675</u>	<u>256</u>
		<u>1,829</u>	<u>1,597</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,117)</u>	<u>(746)</u>
<b>Net current assets</b>		<u>712</u>	<u>851</u>
<b>Total assets less current liabilities</b>		<u>744</u>	<u>901</u>
<b>Net assets</b>		<u>744</u>	<u>901</u>
<b>Capital and reserves</b>			
Called-up share capital	15	-	-
Profit and loss account	16	<u>744</u>	<u>901</u>
<b>Total shareholders' funds</b>		<u>744</u>	<u>901</u>

The notes to the financial statements on pages 7 to 12 form an integral part of these accounts.

The accounts were approved by the Board of Directors on 1 March 2006 and signed on its behalf by:

  
**J M Hall**  
 Director



## Notes to the financial statements

### 1 Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements, except for the adoption of new financial reporting standards introduced during the year. The effect of these are disclosed where relevant.

#### *Basis of preparation*

The accounts have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking, Volvox Group Limited, includes the Company in its own published consolidated financial statements.

#### *Tangible fixed assets and depreciation*

Depreciation is provided to write off the cost of tangible fixed assets on a straight line basis over their estimated useful lives as follows:

Office equipment	- 5 years
Fixtures and fittings	- 10 years
Motor vehicles	- 4 years

#### *Foreign currency translation*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the profit and loss account.

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Post-retirement benefits*

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

#### *Deferred taxation*

In accordance with FRS 19 "Deferred Tax", deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in years different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### *Turnover*

Turnover comprises the invoiced value of goods and services supplied by the Company, exclusive of VAT.

## Notes to the financial statements (continued)

### 2 Turnover

An analysis of turnover (which all originated within the United Kingdom) by geographical market is given below:

	2005 £'000	2004 £'000
United Kingdom	6,269	6,526
Europe	59	71
Other	18	14
	<u>6,346</u>	<u>6,611</u>
Group undertakings (all United Kingdom)	<u>1</u>	<u>3</u>
	<u>6,347</u>	<u>6,614</u>

### 3 Operating costs

	2005 £'000	2004 £'000
Distribution & warehousing costs	465	463
Selling & marketing costs	400	369
Administrative costs	620	605
	<u>1,485</u>	<u>1,437</u>

Operating profit is stated after charging/(crediting):

	2005 £'000	2004 £'000
Auditors' remuneration - KPMG LLP	5	-
Auditors' remuneration - Grant Thornton UK LLP	-	5
Hire of plant, equipment and vehicles under operating leases	29	31
Depreciation of tangible fixed assets	19	25
Profit on the disposal of tangible fixed assets	-	(2)

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2005 Number	2004 Number
Distribution & production	11	11
Selling & marketing	11	11
Administration	6	5
	<u>28</u>	<u>27</u>

The aggregate payroll costs of these persons (including directors' emoluments) was:

	2005 £'000	2004 £'000
Wages & salaries	500	478
Social security costs	49	46
Other employment costs (including pensions)	12	12
	<u>561</u>	<u>536</u>

## Notes to the financial statements (continued)

### 5 Emoluments of directors

	2005 £'000	2004 £'000
Emoluments	29	56
Pension contributions	2	3
	<u>31</u>	<u>59</u>
	2005 Number	2004 Number
Number of directors accruing retirement benefits under defined contribution schemes	<u>1</u>	<u>1</u>

Only one director (2004: one) was remunerated by this Company. All other directors are remunerated by other group undertakings and no charge for their services as directors of the Company has been included in these accounts.

### 6 Interest receivable

	2005 £'000	2004 £'000
Bank interest	<u>14</u>	<u>6</u>

### 7 Interest payable

	2005 £'000	2004 £'000
Finance charges under finance leases	<u>-</u>	<u>1</u>

### 8 Taxation

	2005 £'000	2004 £'000
<i>Current taxation</i>		
Corporation tax on profit for the year at 30% (2004: 30%)	152	211
<i>Deferred taxation</i>		
Origination and reversal of timing differences	<u>(1)</u>	<u>(1)</u>
	<u>151</u>	<u>210</u>

The tax charge for the year is not materially different to the tax on profit on ordinary activities at standard rate.

### 9 Dividends

	2005 £'000	2004 £'000
Proposed final dividend of £5,000 per ordinary share (2004: £nil)	<u>500</u>	<u>-</u>

## Notes to the financial statements (continued)

### 10 Tangible fixed assets

	Fixtures, equipment & vehicles £'000
<i>Cost</i>	
At 1 October 2004	115
Additions	4
Disposals	(4)
At 30 September 2005	<u>115</u>
<i>Depreciation</i>	
At 1 October 2004	65
Charge for the year	19
Disposals	(1)
At 30 September 2005	<u>83</u>
<i>Net book amounts</i>	
At 30 September 2005	<u>32</u>
At 30 September 2004	<u>50</u>

Included in fixed assets at 30 September 2005 are assets held under finance leases with a net book value of £nil (2004: £10,000).

### 11 Stocks

	30 September 2005 £'000	30 September 2004 £'000
Finished goods and goods for resale	<u>415</u>	<u>424</u>

### 12 Debtors

	30 September 2005 £'000	30 September 2004 £'000
Trade debtors	706	830
Amounts owed by group undertakings	1	64
Prepayments	27	19
Deferred taxation (note 14)	5	4
	<u>739</u>	<u>917</u>

### 13 Creditors: amounts falling due within one year

	30 September 2005 £'000	30 September 2004 £'000
Obligations under finance leases and hire purchase	-	6
Trade creditors	387	357
Amounts owed to group undertakings	506	3
Corporation tax	73	210
Other taxes and social security costs	128	113
Accruals	23	57
	<u>1,117</u>	<u>746</u>

## Notes to the financial statements (continued)

### 14 Deferred taxation

Movements in deferred taxation assets during the year are as follows:

	30 September 2005 £'000	30 September 2004 £'000
At 1 October	4	3
Credited during the year	1	1
<b>At 30 September</b>	<b>5</b>	<b>4</b>

Deferred taxation assets recognised in the Company's accounts and the amounts not recognised, calculated at the rate of 30% (2004: 30%) are as follows:

	Recognised		Not recognised	
	30 September 2005 £'000	30 September 2004 £'000	30 September 2005 £'000	30 September 2004 £'000
Capital allowances	3	2	-	-
Other timing differences	2	2	-	-
	<b>5</b>	<b>4</b>	<b>-</b>	<b>-</b>

### 15 Called-up share capital

	30 September 2005 £'000	30 September 2004 £'000
<b>Authorised</b>		
2,000 ordinary shares of £1 each	2	2
<b>Allotted, called-up and fully paid</b>		
100 ordinary shares of £1 each	-	-

### 16 Reserves

	Profit and loss account £'000
At 1 October 2004	901
Retained loss for the financial year	(157)
<b>At 30 September 2005</b>	<b>744</b>

## Notes to the financial statements (continued)

### 17 Reconciliation of movements in shareholders' funds

	30 September 2005 £'000	30 September 2004 £'000
Profit for the financial year	343	480
Dividends	(500)	-
	<u>(157)</u>	<u>480</u>
Opening shareholders' funds	901	421
Closing shareholders' funds	<u>744</u>	<u>901</u>

### 18 Operating lease commitments

At 30 September 2005 the Company was committed to making the following payments in the next year in respect of operating leases:

	30 September 2005 £'000	30 September 2004 £'000
Plant, machinery and equipment leases expiring:		
- within one year	5	8
- within one to five years	<u>23</u>	<u>13</u>
	<u>28</u>	<u>21</u>

### 19 Contingent liabilities

	30 September 2005 £'000	30 September 2004 £'000
Overdrafts and loans guaranteed in respect of group undertakings	<u>5,383</u>	<u>15,187</u>

In addition, the Company, as part of the overall cross-group banking facility arrangements, guarantees letters of credit raised by fellow group undertakings.

At 30 September 2005 the guarantee was secured by a fixed charge over the assets of the Group of which the Company is a member, headed by Volvox Group Limited

### 20 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £8,000 (2004: £8,000).

### 21 Ultimate parent company

Volvox Leeds Limited is the Company's immediate parent company

Volvox Group Limited is the Company's ultimate parent company. It is both the largest and smallest parent undertaking of the Group of which the Company is a member and for which group accounts are prepared. Copies of its accounts may be obtained from its' and the Company's registered office at Gelderd Road, Leeds, LS12 6NB.